GS Asia Industrials | Data Centers in Inner Mongolia

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GS Asia Industrials | Today...

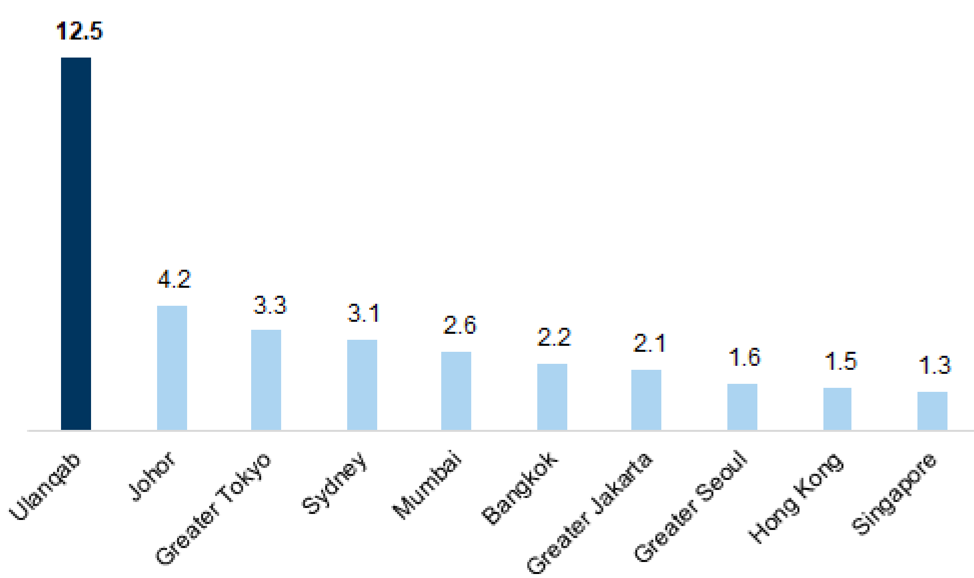
1.Blind spots. Ulanqab, a city in Inner Mongolia, has received 12.5GW capacity commitment from data center operators and internet/AI companies as of June 2026, implying a >10x capacity expansion from its ca. 1.2GW live capacity in 2025. The 12.5GW total data center pipeline capacity in Ulanqab alone is **equivalent to 45% of China's c.28GW live supply as of 2025**. It's also close to the total GW under construction in the state of Texas, the largest hub in the US for data centers.

Why Ulanqab?

1. Low temperature: average annual temp of only 4.3 Celsius => cheaper cooling
2. Proximity to Beijing: Only 240km away with two direct fiber cables and low latency
3. Low electricity prices and lots of wind & solar.

Buy ideas: VNET (113% upside) and GDS Holdings (41% upside)

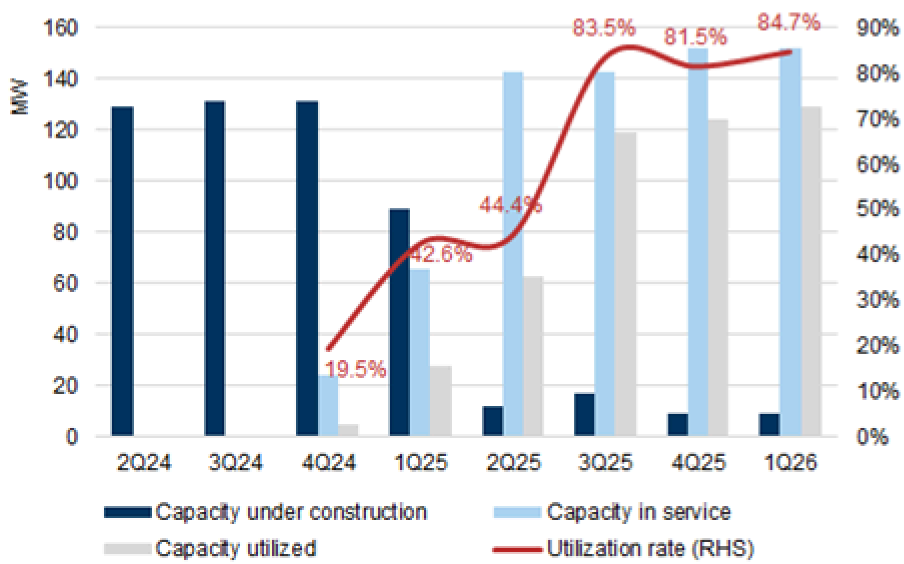
Total data center capacity (live, under construction and pipeline) in key APAC hubs (GW)



Source: Local government websites, Cushman & Wakefield

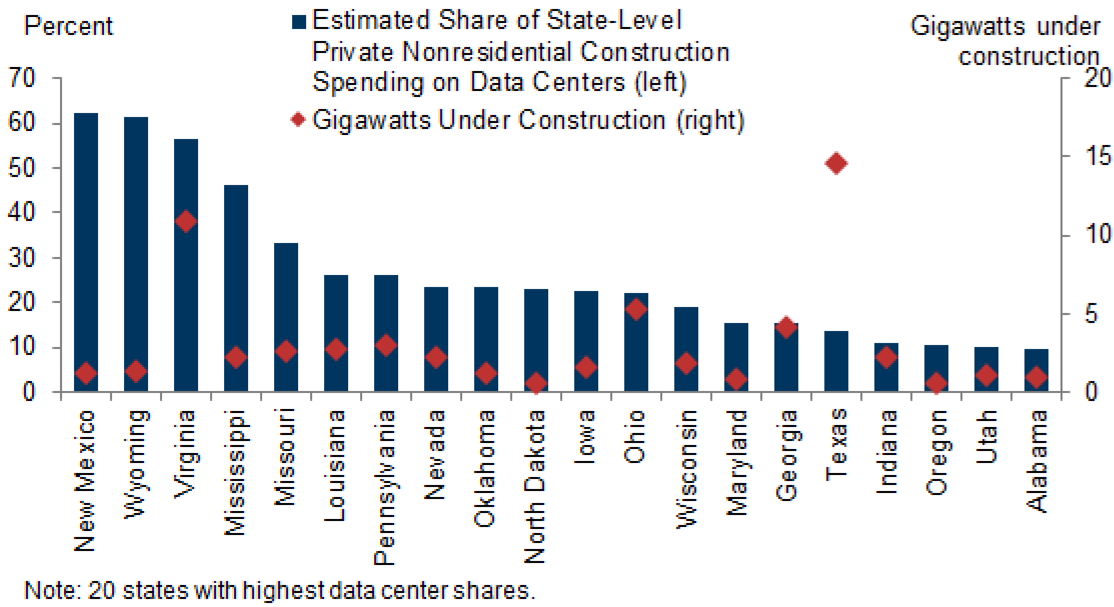
Exhibit 10: VNET's first Ulanqab campus has reached a high level of utilization

VNET N-OR Campus 01 capacity ramp-up schedule



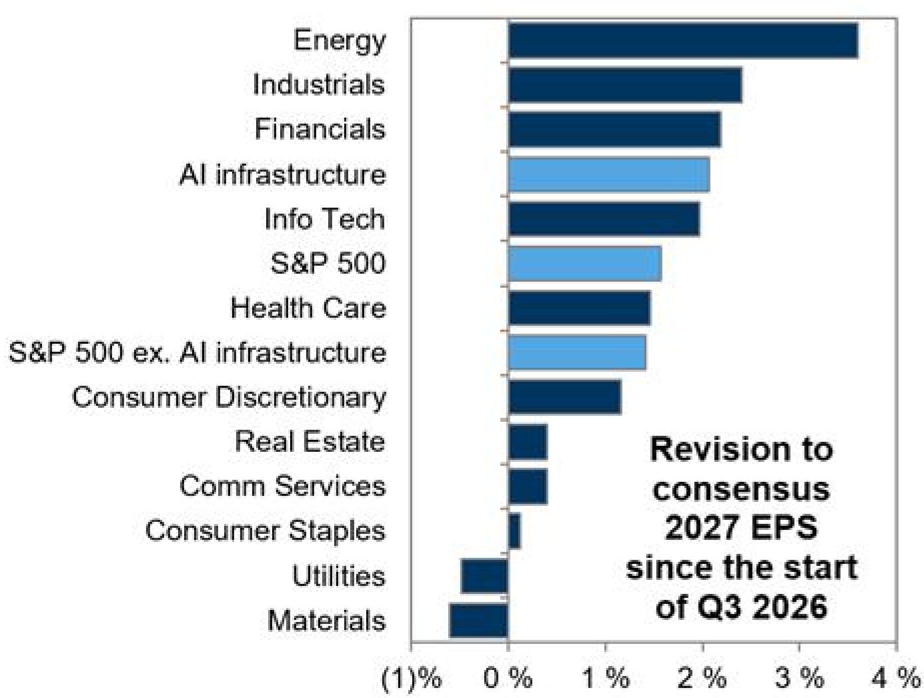
Source: Company data, Data compiled by Goldman Sachs Global Investment Research

2.US data centers under construction. By state, Texas has the most Gigawatts under construction. The announcement by Texas Governor Abbot to audit electricity & water impact of new data center projects on local communities **could shift some AI capex to the right** depending on how long the process takes. The issue is probably at the top of voters' minds because the government acted before the state election in November this year.



Source: Goldman Sachs Global Investment Research

3.Reporting season. 90% of S&P 500 companies reported Q2/26. After the Energy sector, **Industrials** had the biggest positive EPS revisions to 2027 consensus numbers. From what I can see, **pricing power** of industrials in the current capex cycle has been the main positive surprise in Asia.



Source: Global Investment Research as of 7/31/2026. Past performance is not indicative of future results.

4.Movers. Electrical & data center names rallied yesterday on the back of Nvidia's $500bn announcement.

Company	Change
Furukawa Electric	6.8%
Resonac Holdings	6.6%
GCL Technology Holdings	6.3%
Shengyi Tech	5.9%
Megmeet	5.6%
RoboTechnik	5.5%
Hanwha Aerospace	5.3%
Tongwei	5.1%
Sumitomo Electric	5.0%
IHI	5.0%

Company	Change
Nissan Motor	-4.0%
Kanzhun Ltd. (ADR)	-3.9%
Estun Automation	-3.9%
Pony AI Inc. (ADR)	-3.2%
Daikin Industries	-2.9%
Leader Drive	-2.7%
YTO Express Group	-2.6%
Faratronic	-2.2%
Kubota	-2.1%
Sungrow Power	-2.1%

Source: GS GBM, Bloomberg as of 12/8/26. Past performance is not indicative of future results

Access Webinar - Link or **Meeting ID**: 949 3548 5647, **Passcode**: 099607

Research | China Industrial Tech – Go Global 3.0: The Age of China's AI Industrialization

5.Upcoming GS Access & Events

Asia Pacific Calls

Flash Call - Resonac Holdings/レゾナック・ホールディングス (4004 JP) - Registration

AUG 17 – 12:00PM HKT (Japanese / English (simultaneous interpretation))

Namura Shipbuilding / 名村造船所 (7014 JP) - Registration

AUG 18 – 9:00AM HKT

Era of Optics Call Series - SWCC (5805 JP) - Registration

AUG 19 – 12:00PM HKT (Japanese / English (simultaneous interpretation))

Register for the GS Asian Leaders conference in HK. Over 400 corporates have signed up.

Register

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